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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

BY:

UNITED STATES DISTRICT COURT

FOR THE CENTRAL DISTRICT OF CALIFORNIA

January 2015 Grand Jury

CR 15 00136

12	UNITED STATES OF AMERICA,	)	CR No. 15-
13	Plaintiff,	)	<u>I N D I C T M E N T</u>
14	v.	)	[18 U.S.C. § 371: Conspiracy;
15	ALFRED HENDERSON and	)	41 U.S.C. §§ 8702, 8707:
16	A&A FABRICATION AND	)	Offering and Providing
17	POLISHING, INC.,	)	Kickbacks; 18 U.S.C. § 2(b):
18	Defendants.	)	Causing an Act to be Done;
19		)	18 U.S.C. § 1341: Mail Fraud;
20		)	18 U.S.C. § 1028A: Aggravated
21		)	Identity Theft; 18 U.S.C.
22		)	§ 981(a)(1)(C), 28 U.S.C.
23		)	§ 2461(c); and 21 U.S.C.
24		)	§ 982(a)(2)(A): Criminal
25		)	Forfeiture]

The Grand Jury charges:

A. INTRODUCTORY ALLEGATIONS

At all times relevant to this Indictment:

1. The Boeing Company ("Boeing") was a Delaware

corporation with its headquarters and principal place of
business in Seattle, Washington. Boeing's business included the
research, development, manufacture, and sale of satellites.

Boeing had contracts to sell satellites, satellite parts, and

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1 other products to United States government agencies, including
2 the Department of Defense, United States Air Force, National
3 Aeronautical Space Administration, and United States National
4 Reconnaissance Office. Boeing Space and Intelligence Systems,
5 Inc. ("BSIS") was a subsidiary of Boeing headquartered in Seal
6 Beach, California, within the Central District of California.

7 2. During all relevant times, Boeing and BSIS were "prime
8 contractors," meaning that they entered into contracts with the
9 United States government to provide supplies, materials,
10 equipment, or services of any kind.

11 3. BSIS employed Mark Allen ("Allen") as a procurement
12 agent located in El Segundo, California, within the Central
13 District of California. Allen procured items and services from
14 subcontractors used by BSIS for its contracts with the United
15 States government and other customers. Allen was supposed to
16 use a competitive bidding process to find subcontractors,
17 meaning that he would send requests for bids to various
18 subcontractors; subcontractors would then submit bids for items
19 and services to Allen; and Allen would then award purchase
20 orders to the subcontractors with the best bids.

21 4. Raymond Joseph ("Joseph") worked as an independent
22 outside sales representative for numerous subcontractors that
23 did business with BSIS, including defendant A&A FABRICATION AND
24 POLISHING, INC. ("defendant A&A").

25 5. Defendant A&A was a California corporation with
26 facilities in Whittier, California and Montebello, California,
27 which are both within the Central District of California.

1 Defendant A&A worked as a subcontractor for BSIS and supplied
2 items required for contracts that BSIS had with various United
3 States government agencies and commercial companies.

4 6. Defendant ALFRED HENDERSON ("defendant HENDERSON")
5 controlled defendant A&A and was responsible for its day-to-day
6 operations.

7 7. In or about August 2009, Boeing prohibited its
8 subsidiaries, including BSIS, from doing business with defendant
9 A&A due to work quality and performance issues.

10 8. Nace Sheet Metal Company ("Nace") was a sole
11 proprietorship located in Anaheim, California, within the
12 Central District of California. Nace's primary business was
13 manufacturing office furniture.

14 9. Cesar Soto ("Soto") owned Nace and was responsible for
15 its day-to-day operations.

16 10. Randy Mitchell ("Mitchell") was an employee of
17 defendant A&A and responsible for quality control.

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1 COUNT ONE

2 [18 U.S.C. § 371]

3 A. INTRODUCTORY ALLEGATIONS

4 11. The Grand Jury incorporates by reference and realleges
5 paragraphs 1 through 10 of the Indictment as though set forth in
6 their entirety here.

7 B. OBJECT OF THE CONSPIRACY

8 12. Beginning in or about 2005, and continuing through in
9 or about February 2012, in Los Angeles County, within the
10 Central District of California, and elsewhere, defendants
11 HENDERSON and A&A, together with Joseph, Allen, and others known
12 and unknown to the Grand Jury, combined, conspired, and agreed
13 with each other to knowingly and willfully provide, attempt to
14 provide, and offer to provide kickbacks, in connection with
15 prime contracts, subcontracts relating to prime contracts, and
16 purchase orders relating to United States government contracts,
17 in violation of Title 41, United States Code, Sections 8702 and
18 8707.

19 C. THE MANNER AND MEANS OF THE CONSPIRACY

20 13. The object of the conspiracy was to be carried out,
21 and was carried out, in substance, as follows:

22 a. Starting in or about 2005, Allen agreed to award
23 BSIS purchase orders relating to Boeing's government contracts
24 to subcontractors represented by Joseph, including defendant
25 A&A, which agreed to pay him kickbacks through Joseph.

26 b. Allen assisted defendant A&A in obtaining BSIS
27 purchase orders by providing defendant HENDERSON and defendant

1 A&A with confidential information that gave defendant A&A an
2 improper advantage in bidding on purchase orders.

3 c. Defendant A&A, defendant HENDERSON, and Joseph
4 submitted quotes to BSIS to produce and deliver specific
5 products. Defendant A&A, defendant HENDERSON, and Joseph
6 inflated the bids by the amount of the kickbacks to be paid to
7 Allen.

8 d. Allen awarded defendant A&A BSIS purchase orders.

9 e. Defendant A&A delivered the products to BSIS.

10 f. Defendant A&A sent invoices to BSIS in order to
11 get paid for work under the purchase orders.

12 g. At defendant Henderson's direction, defendant A&A
13 paid a commission to Joseph and a kickback to Allen, which was
14 paid through Joseph.

15 h. Defendant A&A and defendant HENDERSON concealed
16 the kickbacks paid to Allen through Joseph in a number of ways.
17 Defendant A&A and defendant HENDERSON would make checks payable
18 to cash, inflate Joseph's commission checks to cover the
19 kickbacks Joseph was passing to Allen, and write checks to
20 Joseph's family members, who would then provide that money to
21 Joseph.

22 i. Defendant A&A and defendant HENDERSON did not
23 disclose to BSIS that defendant A&A was paying kickbacks to
24 Allen through Joseph in exchange for BSIS contracts, and that
25 Allen was giving defendant A&A confidential information that
26 gave defendant A&A an improper advantage in bidding on purchase
27 orders.

j. Allen awarded defendant A&A approximately \$4.5 million in BSIS purchase orders between 2005 and February 2012.

k. As part of the conspiracy, defendant HENDERSON and defendant A&A paid approximately \$650,000 to Joseph and approximately \$100,000 to Allen.

D. OVERT ACTS

7 14. In furtherance of the conspiracy, and to accomplish
8 its objects, defendants HENDERSON and A&A, together with others
9 known and unknown to the Grand Jury, committed and willfully
10 caused others to commit the following overt acts, among others,
11 in Los Angeles County, within the Central District of
12 California, and elsewhere:

17 Overt Act No. 2: On or about August 30, 2007,
18 defendant A&A submitted an invoice to BSIS in the amount of
19 \$15,400 for the work completed under Purchase Order No. NNB8-
20 909268, which related to a Boeing contract with the United
21 States government.

22 Overt Act No. 3: On or about November 6, 2007, at
23 defendant HENDERSON's direction, defendant A&A issued a check to
24 Joseph in the amount of approximately \$5,455, which included a
25 kickback for Allen.

1 bid in order to receive a BSIS purchase order relating to a
2 Boeing contract with the United States government, which Joseph
3 later communicated to defendant HENDERSON.

4 Overt Act No. 5: On or about November 18, 2011, at
5 defendant HENDERSON's direction, defendant A&A issued a check to
6 Joseph in the amount of approximately \$3,648, which included a
7 kickback for Allen.

8 Overt Act No. 6: On or about February 23, 2012, at
9 defendant HENDERSON's direction, defendant A&A issued a check to
10 Joseph in the amount of approximately \$8,733, which included a
11 kickback for Allen.

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1 COUNTS TWO THROUGH FIVE

2 [41 U.S.C. §§ 8702, 8707; 18 U.S.C. § 2(b)]

3 15. The Grand Jury incorporates by reference and realleges
4 paragraphs 1 through 10 and paragraph 13 of the Indictment as
5 though set forth in their entirety here.6 16. On or about the dates set forth below, within the
7 Central District of California and elsewhere, defendants
8 HENDERSON and A&A, knowingly and willfully provided, attempted
9 to provide, and offered to provide, and willfully caused to be
10 provided and offered, kickbacks to Allen, an employee of Boeing,
11 a prime contractor, through conduit payments to Joseph, in order
12 to improperly obtain favorable treatment in connection with
13 prime contractors, subcontracts relating to prime contracts, and
14 purchase orders relating to United States Government contracts:

COUNT	APPROXIMATE DATE	AMOUNT OF PAYMENT TO JOSEPH THAT INCLUDED KICKBACK TO ALLEN	A&A CHECK NUMBER
TWO	October 12, 2011	\$19,595	12279
THREE	November 18, 2011	\$3,468	12363
FOUR	December 26, 2011	\$2,000	12429
FIVE	February 23, 2012	\$8,733	12531

1 COUNTS SIX THROUGH TWELVE

2 [18 U.S.C. § 1341]

3 A. INTRODUCTORY ALLEGATIONS

4 17. The Grand Jury incorporates by reference and realleges
5 paragraphs 1 through 10 and paragraph 13 of the Indictment as
6 though set forth in their entirety here.

7 B. THE SCHEME TO DEFRAUD

8 18. Beginning in or about 2010, and continuing through on
9 or about February 2012, in Los Angeles County, within the
10 Central District of California, and elsewhere, defendant A&A and
11 defendants HENDERSON and A&A, together with others known and
12 unknown to the Grand Jury, knowingly and with intent to defraud,
13 devised, participated in, and executed a scheme to defraud
14 victim Boeing and the United States as to material matters, and
15 to obtain money and property of Boeing and the United States by
16 means of material false and fraudulent pretenses,
17 representations, and promises, and the concealment of material
18 facts.

19 19. The fraudulent scheme operated, in substance, in the
20 following manner:

21 a. After BSIS prohibited defendant A&A from
22 receiving BSIS purchase orders due to work quality and
23 performance issues, defendant HENDERSON, Allen, and Joseph
24 agreed to have defendant A&A do business with BSIS using Nace as
25 a "front" in order to circumvent the prohibition on defendant
26 A&A receiving BSIS purchase orders.

27 b. Defendant HENDERSON recruited Soto, doing

1 business as Nace, who agreed to submit bids on behalf of
2 defendant A&A in order to deceive BSIS as to who manufactured
3 the products supplied under the BSIS purchase orders.

4 c. Defendant HENDERSON recruited Mitchell, who
5 agreed to assist in deceiving BSIS as to who would manufacture
6 the products supplied under the BSIS purchase orders.

7 d. At the direction of defendant HENDERSON, Soto and
8 Mitchell attended a meeting with BSIS employees at defendant
9 A&A's facility and misrepresented to BSIS that the facility was
10 actually operated by Nace.

11 e. Defendant HENDERSON and defendant A&A
12 misrepresented to BSIS that Nace and Soto were bidding on
13 purchase orders and supplying the respective products.

14 f. Defendant HENDERSON obtained a copy of Soto's
15 signature, which defendant A&A used to obtain purchase orders
16 relating to Boeing contracts with the United States Government
17 through Nace.

18 g. Defendants HENDERSON and A&A did not disclose to
19 BSIS that they were doing business through Nace.

20 h. Allen awarded defendant A&A approximately
21 \$275,000 in purchase orders through Nace.

22 i. BSIS paid defendant A&A with checks sent via U.S.
23 Mail.

24 C. USE OF THE MAILED

25 20. On or about the dates set forth below, within the
26 Central District of California, and elsewhere, defendants
27 HENDERSON and A&A, for the purpose of executing and attempting

1 to execute the above-described scheme to defraud, caused the
 2 following items to be placed in an authorized depository for
 3 mail matter to be sent and delivered by the United States Postal
 4 Service or by a private or commercial interstate carrier,
 5 according to the directions thereon:

COUNT	APPROXIMATE DATE	ITEM MAILED
SIX	September 2, 2011	A check from Boeing to Nace in the amount of approximately \$17,025
SEVEN	October 12, 2011	A check from Boeing to Nace in the amount of approximately \$52,800
EIGHT	October 13, 2011	A check from Boeing to Nace in the amount of approximately \$21,012
NINE	November 7, 2011	A check from Boeing to Nace in the amount of approximately \$8,100
TEN	January 9, 2012	A check from Boeing to Nace in the amount of approximately \$15,250
ELEVEN	February 13, 2012	A check from Boeing to Nace in the amount of approximately \$14,850
TWELVE	February 15, 2012	A check from Boeing to Nace in the amount of approximately \$32,285

1 COUNT THIRTEEN

2 [18 U.S.C. §§ 1028A, 2(b)]

3 21. The Grand Jury incorporates by reference and realleges
4 paragraphs 1 through 10 and 17 through 20 of the Indictment as
5 though set forth in their entirety here.

6 22. On or about November 4, 2011, in Los Angeles County,
7 within the Central District of California, and elsewhere,
8 defendant HENDERSON, together with others known and unknown to
9 the Grand Jury, knowingly transferred, possessed, and used, and
10 caused to be transferred, possessed, and used, without lawful
11 authority, a means of identification of another person, that is,
12 the name of Cesar Soto, which was used on a quote from Nace to
13 Boeing in the amount of \$15,250, during and in relation to mail
14 fraud, a felony violation of Title 18, United States Code,
15 Section 1341, as charged in Count Ten of this Indictment.

1 COUNT FOURTEEN

2 [18 U.S.C. §§ 1028A, 2(b)]

3 23. The Grand Jury incorporates by reference and realleges
4 paragraphs 1 through 10 and 17 through 20 of the Indictment as
5 though set forth in their entirety here.

6 24. On or about November 4, 2011, in Los Angeles County,
7 within the Central District of California, and elsewhere,
8 defendant HENDERSON, together with others known and unknown to
9 the Grand Jury, knowingly transferred, possessed, and used, and
10 caused to be transferred, possessed, and used, without lawful
11 authority, a means of identification of another person, that is,
12 the name of Cesar Soto, which was used on a quote from Nace to
13 Boeing in the amount of \$14,850, during and in relation to mail
14 fraud, a felony violation of Title 18, United States Code,
15 Section 1341, as charged in Count Eleven of this Indictment.

1 COUNT FIFTEEN

2 [18 U.S.C. § 371]

3 A. INTRODUCTORY ALLEGATIONS

4 25. The Grand Jury incorporates by reference and realleges
5 paragraphs 1 through 10 of the Indictment as though set forth in
6 their entirety here.

7 B. OBJECT OF THE CONSPIRACY

8 26. Beginning in or about 2007, and continuing through in
9 or about February 2012, in Los Angeles County, within the
10 Central District of California, and elsewhere, defendants
11 HENDERSON and A&A, together with Joseph and others known and
12 unknown to the Grand Jury, combined, conspired, and agreed with
13 each other to knowingly and intentionally defraud the United
14 States by impeding, impairing, obstructing, and defeating the
15 lawful government functions of a government agency, namely, the
16 Internal Revenue Service ("IRS"), by deceitful and dishonest
17 means.

18 C. THE MANNER AND MEANS OF THE CONSPIRACY

19 27. The object of the conspiracy was to be carried out,
20 and was carried out, in substance, as follows:

21 a. In or about 2007, at the request of Joseph,
22 defendant HENDERSON directed defendant A&A to issue IRS Forms
23 1099 to Joseph for less than the amounts defendant A&A had paid
24 Joseph for his work as an outside sales representative, which
25 was taxable income.

26 b. Joseph used the false IRS Forms 1099s that were
27 issued to him as the basis for his filed 2007, 2008, 2009, and

1 2010 federal income tax returns, each of which understated his
2 taxable income.

3 c. The loss to the United States resulting from
4 defendants HENDERSON and A&A's impeding, impairing, obstructing,
5 and defeating the lawful functions of the IRS with respect to
6 Joseph's false 2007, 2008, 2009, and 2010 tax returns was
7 approximately \$90,000.

8 D. OVERT ACTS

9 28. In furtherance of the conspiracy, and to accomplish
10 its object, defendants HENDERSON and A&A, together with others
11 known and unknown to the Grand Jury, committed and willfully
12 caused others to commit the following overt acts, among others,
13 in Los Angeles County, within the Central District of
14 California, and elsewhere:

15 Overt Act No. 1: In or about January 2008, at
16 defendant HENDERSON's direction, defendant A&A issued IRS Form
17 1099 representing that it had paid Joseph approximately \$83,990
18 in 2007, even though it had paid him approximately \$208,209 that
19 year, which included taxable income in excess of \$83,990.

20 Overt Act No. 2: In or about January 2009, at
21 defendant HENDERSON's direction, defendant A&A issued IRS Form
22 1099 representing that it had paid Joseph approximately \$79,142
23 in 2008, even though it had paid him approximately \$170,399 that
24 year, which included taxable income in excess of \$79,142.

25 Overt Act No. 3: In or about January 2010, at
26 defendant HENDERSON's direction, defendant A&A issued IRS Form
27 1099 representing that it had paid Joseph approximately \$74,000

1 in 2009, even though it had paid him approximately \$137,070 that
2 year, which included taxable income in excess of \$74,000.

3 Overt Act No. 4: In or about January 2011, at
4 defendant HENDERSON's direction, defendant A&A issued IRS Form
5 1099 representing that it had paid Joseph approximately \$85,014
6 in 2010, even though it had paid him approximately \$157,111 that
7 year, which included taxable income in excess of \$85,014.

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1 FORFEITURE ALLEGATION

2 [18 U.S.C. § 981(a)(1)(C), 28 U.S.C. § 2461(c)

3 and 18 U.S.C. § 982(a)(2)(A)]

4 29. Pursuant to Rule 32.2, Fed. R. Crim. P., notice is
5 hereby given to defendants ALFRED HENDERSON and A&A FABRICATION
6 AND POLISHING, INC. (collectively, the "defendants") that the
7 United States will seek forfeiture as part of any sentence in
8 accordance with Title 18, United States Code, Section
9 981(a)(1)(C), Title 28, United States Code, Section 2461(c) and
10 Title 18, United States Code, Section 982(a)(2)(A), in the event
11 of any defendant's conviction under Count One or any of Counts
12 Six through Twelve of this Indictment.

13 30. Defendants shall forfeit to the United States the
14 following property:

15 a. All right, title and interest in any and all
16 property, real or personal, constituting, or derived from, any
17 proceeds obtained, directly or indirectly, as a result of any
18 offense set forth in Count One or any of Counts Six through
19 Twelve of this Indictment; and

20 b. A sum of money equal to the total value of the
21 property described in subparagraph a. For each of Count One and
22 Counts Six through Twelve for which more than one defendant is
23 found guilty, each such defendant shall be jointly and severally
24 liable for the entire amount forfeited pursuant to that Count.

1 31. Pursuant to Title 21, United States Code, Section
2 853(p), as incorporated by Title 28, United States Code, Section
3 2461(c) and Title 18, United States Code, Section 982(b), each
4 defendant shall forfeit substitute property, up to the value of
5 the money and property described in the preceding paragraph if,
6 as the result of any act or omission of a defendant, the
7 property described in the preceding paragraph, or any portion
8 thereof (a) cannot be located upon the exercise of due
9 diligence; (b) has been transferred, sold to or deposited with a
10 third party; (c) has been placed beyond the jurisdiction of the
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1 court; (d) has been substantially diminished in value; or
2 (e) has been commingled with other property that cannot be
3 divided without difficulty.

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5 A TRUE BILL

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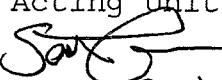
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7 Foreperson

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